SME4SPACE

THE REPRESENTATIVE ORGANISATION OF SMES IN EUROPE'S SPACE INDUSTRY

SME4SPACE's reaction to the BROMO merger: Autonomy without competition is an illusion.

Introduction

SME4SPACE represents Europe's small and medium-sized enterprises (SMEs) that are active across the entire space value chain. In light of the recently announced BROMO merger, we present our analysis of its potential impact on the European space ecosystem. Our recommendations aim to ensure that Europe maintains a competitive, innovative, and diverse industrial base - an essential foundation for genuine strategic autonomy.

Expected Impact on Market Structure

The proposed merger will immediately reshape the competitive landscape within the European space sector. A significantly strengthened industrial group will emerge, possessing dominant market power across multiple segments. While dominance is not inherently unlawful, its effects on competition and innovation raise substantial concerns for SMEs and the broader space ecosystem.

This consolidation will affect several key areas:

- **Customers:** customers will be confronted with a dominant supplier
- The **European Space Agency (ESA):** as the primary customer of the new entity the pressure on ESA will increase i.e. considering positions previously taken in the profitability discussions
- **Competitors:** These organizations may face reduced access to opportunities as the merged group consolidates its position.
- **The Supply Chain:** Increased dependency risks can increase vulnerability within the ecosystem, potentially leading to more frequent disruptions and reduced flexibility, alongside fewer chances for innovation.
- **Outsourcing Patterns:** The merged group is likely to internalize capabilities that were previously sourced from external suppliers, further limiting opportunities for SMEs.

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Such a shift could weaken the industrial diversity that Europe has long considered vital for resilience, innovation, and strategic autonomy.

Diversification as a precondition for Europe's strategic autonomy.

Historical examples, both within Europe and abroad, demonstrate that reliance on a single industrial champion does not yield a robust, autonomous, or efficient sector. If Europe concentrates major missions and procurement within one dominant actor, the result will be a narrower ecosystem with reduced competitiveness and less efficiency.

In countries like the United States, national champions in the space industry emerged only after multiple suppliers competed with one another—a process that is important not to ignore.

The narrative that Europe lacks competitiveness must be challenged. Many European companies, including SMEs, continue to succeed globally, especially in areas such as small satellites, components, software, and downstream services. These strengths should not be diminished by a narrow view of autonomy tied to industrial concentration. Success in international markets helps alternative players thrive and deserves recognition and support.

Role of ESA and Member States

If competition authorities approve the merger without conditions, ESA and the Member States must take proactive steps to safeguard industrial diversity.

SME4SPACE urges ESA to:

- Reassess its programme portfolio to ensure a balanced mix of large flagship missions and small, agile programmes.
- Avoid situations that could lead to de facto monopolies in specific segments.
- Enable and promote alternative suppliers, including SMEs, through targeted development and technology programmes.
- Design procurement schemes that structurally accommodate multiple suppliers wherever feasible.

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- Preserve openness to global markets, supporting European competitiveness rather than retreating from international opportunities.

Such measures should not be symbolic. It is essential to focus on tangible requirements where space solutions deliver demonstrable public and economic benefits, leveraging the expanding and robust capabilities of European SMEs.

In this context, SME4SPACE stresses the importance of existing ESA programmes that already foster technological development, competitiveness, and the growth of alternative suppliers—programmes such as GSTP, ARTES, INCUBED, the NAVISP initiative, and the recently expanded CMIN-approved competitiveness lines.

These instruments have consistently enabled SMEs to mature technologies, demonstrate capabilities, and gain access to future missions. Rather than being reduced or absorbed into larger flagship efforts, these programmes should be reinforced and expanded, with dedicated budgets and mechanisms that guarantee meaningful access for SMEs and mid-caps. Strengthening these tools is essential to maintaining a dynamic industrial landscape and ensuring that Europe's strategic autonomy is built on diversity, innovation, and open competition.

A Path Forward for a Competitive, Diverse and Autonomous Europe

SME4SPACE believes that Europe's strategic autonomy can only be guaranteed through a diversified, competitive industrial ecosystem. Strengthening one large prime cannot replace the need for a multiplicity of capable actors. Europe's SMEs play a central role in innovation, agility, and global competitiveness. They must remain full participants in future ESA and EU programmes.

The proposed merger presents both risks and an opportunity: a moment to rethink how ESA structures market access, distributes opportunities, and nurtures alternative players.

Conclusion

SME4SPACE calls on ESA and the Member States to adopt clear measures that preserve diversity, ensure competition in Europe, support global competitiveness, and prevent excessive concentration of market power. To achieve this, it is necessary to maintain balanced programming and reinforce processes that are already underway. Only through a balanced industrial landscape can Europe maintain true strategic autonomy and continue to succeed in global markets.